GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:2801
ANSWERED ON:01.08.2002
CAG S OBSERVATIONS ON CPSUS
IQBAL AHMED SARADGI

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether the Comptroller And Auditor General of India has painted a dismal picture of the performance of Central Government public sector undertakings;

(b) if so, whether according to the CAG report, only 142 such companies of the 368 under its audit jurisdiction earned profits during 2000-01;

(c) whether according to the report, 115 PSUs suffered losses;

(d) if so, the main reasons for their losses;

(e) whether the Union Government have considered the CAG`s observations on PSUs; and

(f) if so, the action taken against the loss suffering PSUs?

Answer

MINISTER OF STATE FOR HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (DR. VALLABHBHAI KATHIRIA).

(a)to(c): As per information provided by office of the Comptroller & Auditor General of India, 142 companies earned profits and 115 PSUs had suffered losses out of 263 companies (excluding deemed Government Companies) during the year 2000-01.These companies made a net profit of Rs. 17876 crore as per account according to Appendix-I of the CAG`s ReportNo.-1 of 2002 during this period.

(d) The reasons for losses are enterprise specific. However, some of the reasons in general include inherited sickness in case of taken over units from the private sector, obsolete plant and machinery, outdated technology, low capacity utilisation, excess manpower, financial resource crunch, high input costs, heavy interest burden, weak marketing strategies, economic recession, managerial problems etc.

(e)&(f) Enterprise specific steps are taken by the administrative Ministries/ Departments/ Management of such PSUs to improve their performance which is a continuous process. Some of the steps include managerial and financial restructuring, formation of joint ventures, upgradation of technology, modernization of plant and machinery, cost control measures, rationalization of manpower, improved marketing strategies etc. as the case may be.